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C O N F I D E N T I A L SECTION 01 OF 04 BAKU 000776

SIPDIS

DEPT FOR EUR/CARC, AMBASSADOR BRADTKE, DAS KAIDANOW, INR  
(PSTRONSKI)

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TAGS: [PREL](#) [PGOV](#) [TU](#) [AM](#) [RU](#) [GG](#) [AJ](#)

SUBJECT: NAGORNO-KARABAKH STATE OF PLAY VIEWED FROM BAKU

REF: A. YEREVAN 662

[1](#)B. BAKU 524

[1](#)C. 08 BAKU 1177 (NOTAL)

[1](#)D. BAKU 697

Classified By: Charge Donald Lu, Reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: Embassy Baku realistically sees few prospects for a near-term breakthrough, i.e., at Chisinau and immediately thereafter, that would pave the way for a peaceful and favorable resolution of the Nagorno-Karabakh (NK) conflict. The fallout from the August 2008 war in Georgia and the Turkey-Armenia normalization process have devalued Baku's two key levers on Yerevan - the perception of growing Azerbaijani military strength, bolstered by strong oil export revenues, and the closed border's economic leverage of Armenia. The overall effect has been to challenge Baku's long-held sense that time is on Azerbaijan's side and that eventual Armenian capitulation is inevitable. President Aliyev, who solicits very little advice on NK, even from the most senior levels of his government, may accordingly seek to get the best deal he can while he still has some bargaining chips. He may also be open to alternative diplomatic paths to achieve his objectives, such as leveraging Azerbaijani energy resources to persuade Russia to extract concessions from Armenia or influence the West. Even assuming there was a deal to be had, Aliyev for the time being must operate within a narrow band of policies, confined by redlines that Azerbaijan itself has laid down in its vigorous public diplomacy and propaganda efforts. This cable is a companion piece to Reftel A. End Summary.

Feeling the Leverage Slipping Away

[1](#)2. (C) The August 2008 Russia-Georgia war affected Azerbaijan's NK strategy in two fundamental ways. First, the vivid demonstration of Russian willingness to project power into the former Soviet republics painfully highlighted to Baku the vulnerabilities it accepts by dedicating over 70 percent of its forces to manning the Line of Contact (LOC) with the occupied territories, leaving the rest of the country thinly defended. As Azerbaijan already believed Moscow supplies free arms and tactical advice to the Armenians to sustain the military balance, this demonstration, especially when considered alongside Russia's CSTO collective defense promises to Armenia, sapped much of

the credibility from Aliyev's strategy of constantly ratcheting up the military pressure on Armenia and NK by means of a arms buildup the latter could not match.

13. (C) Conversely, the battering Russia's international reputation took in the aftermath of the conflict also had its effect on the NK process. Azerbaijani officials, including the Foreign Minister and President, told us in the months following the war that Russia's revived interest in NK resolution, beginning with President Medvedev's summons of Aliyev and Sargsian to Moscow in November 2008, was motivated in large part by a desire to be seen as a peacemaker and responsible arbiter of affairs in the Caucasus. It can be safely surmised now that Russia's motivations for stepped-up involvement in NK go well beyond image-burnishing, but Aliyev knows that Moscow would not support or tolerate an attempt by Azerbaijan to solve the situation militarily.

#### Feeling Betrayed at the Hands of the Turks

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14. (C) The Turkey-Armenia normalization process has also, in Azerbaijan's mind, weakened its hand considerably. Azerbaijan, rightly or wrongly, views the closed border as a serious source of pressure on Armenia. If Turkey opens the border while the Armenian occupation continues, the Azerbaijanis reason, Sargsian will pocket the concession and become even tougher in negotiations. President Aliyev cited Sargsian's intransigence in Prague in May 2009 following the

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late-April unveiling of the Turkey-Armenia "road map" and contrasted it with the Armenian President's comparative flexibility at their next meeting in St. Petersburg (after Turkish PM Erdogan stated in Baku that the actual border opening depended on progress in NK), as evidence of the potency of the border issue (Reftel B).

15. (C) It is certainly debatable whether the Azerbaijanis' attempt to create an overwhelmingly favorable balance of forces on the LOC or the closed border ever provided them with the advantages they believed they did. But, it is certainly the perception here that their adulterated military threat and the potential loss of the closed border degrade their ability to bargain with the Armenians. For this reason among others, Azerbaijan does not abandon its propaganda line that it is fully prepared and entitled to recover its territories by force. More seriously, Baku's apoplectic initial reaction to the Turkey-Armenia roadmap has certainly won some quiet reassurance from Turkey that the process will move forward on the basis of simultaneous progress on NK.

16. (C) It is possible that there were other secret promises as well. The shuttling from Ankara to Baku by Turkish MFA Under Secretary Sinirlioglu and the surprisingly muted Azeri response to the announcement of a timeline for signature and parliamentary submission of the protocols suggests the Azeris gained more than was publicly discussed. The most likely scenario, according to observers here, is that the Turkish leadership assured the Azerbaijanis that the Turkish Parliament would not ratify the protocols until sufficient progress was made on Nagorno-Karabakh. How "progress" is defined in Baku, Yerevan or Ankara is yet to be determined, however, though political analysts appearing on television or in newspapers talk of the return of five occupied territories.

#### It is all About the Five Territories

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16. (C) Azerbaijan's perception of a weakened negotiating position may be motivating certain signals that suggest a fallback position of compromising on the return of five

territories (i.e., the districts surrounding NK minus Kelbajar and Lachin which connect NK and Armenia), with or without a concrete guarantee of further progress. The Foreign Minister has indicated strongly Azerbaijan's willingness to "open all communications" with Armenia at the time five territories are returned, in accordance with the original Basic Principles, and added that in that case Azerbaijan would even permit transit of Russian military equipment to Gyumri, the main Russian base in Armenia, afterward (Reftel C).

¶7. (C) There is evidence to suggest that Azerbaijan would be receptive to Russian intervention to secure the return of some territories, even if this took place outside of the framework of the Minsk Group. Not only has Aliyev agreed to three meetings (in Moscow in November 2008 and June 2009, and in St. Petersburg in July 2009) with Sargsian moderated only by President Medvedev. We have heard on several occasions (though not been able to confirm) that Azerbaijan has suggested to Russia that it would be willing to supply significant volumes of gas to Russia if Moscow could prevail upon Armenia to release five territories. Obviously, this is far easier said than done, and it is probably fair to say that if Russia could have, it would have done so already. Thus, many observers in Baku see this approach as a negotiating tactic for Baku since they do not believe that the Russians could deliver.

¶8. (C) It is of secondary importance whether this is objectively within Russia's capability to arrange such a deal; the point here is that Azerbaijan has reason to believe that its gas resources and control of access to Gyumri provide leverage that could be applied to achieve at least a partial solution of the problem. (Note: Azerbaijan prohibits Russian military traffic of all kinds from using

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its territory to access Armenia. The fallout of this policy is magnified by the state of Russian-Georgian relations. End Note.) Embassy Yerevan's cable (Reftel A) made the point that Sargsian would "choose NK every time" if presented with a clear choice between the territory and normalization with Turkey; we argue that Aliyev might similarly sacrifice even a top-shelf strategic priority such as avoiding dependence on Russia for transit of natural gas if he could regain occupied territory by doing so. This would be even more likely if the Armenian-Turkish border opened without sufficient compensation for Azerbaijan, and Baku maintained an opinion that "the Turks sold them out."

Hemmed In By His Own Redlines, Propaganda  
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¶9. (C) Even if President Aliyev, who we believe basically decides NK policy unilaterally, was fully inclined to accept the best bargain he can get now, he would be constrained by a number of redlines that Azerbaijan has purposely expressed in such a way as to constrain its perceived options. He would also have to lay substantial political groundwork, much more than he has already, to prepare public opinion for a departure from the non-compromising policy they have become accustomed to through constant propaganda. At the same time, Aliyev has firmer control over the Azerbaijani media than his father, and there is no doubt he could easily quickly paint a convincing picture of public acceptance in all media outlets. The chief Aliyev redlines are Azerbaijan's insistence that the conflict can only be settled within the framework of Azerbaijan's territorial integrity; and the corollary position that there will never be an independent NK republic. To remain consistent with these redlines, Aliyev needs, at a minimum, Armenian acceptance of an intentional ambiguity about NK's final status.

¶10. (C) Public opinion is generally less of a factor in

policymaking in Azerbaijan than in Armenia, however, NK may be a special case. The Azerbaijani people live with a heavy sense of injustice and humiliation over NK, and this feeling is stoked by a daily blast of propaganda from largely state-controlled media. These stories run the gamut from relatively sophisticated slanted news reporting to almost comical stories highlighting every foible of Armenian society and weakness in its economy. What reliable polling exists shows great antipathy to compromise. While President Aliyev has relatively few worries from an electoral standpoint, he can not help but recall that even his father was unable to sell his Key West deal with Kocharian in 2001. Even if he enjoyed an even more dominant domestic position now than his father did then, he would still have to count on NK being the one issue that could restore credibility to the opposition he has worked so assiduously to marginalize. In recent weeks, opposition parties and the Karabakh Liberation Organization have demonstrated in front of the Foreign Ministry over their displeasure with the Madrid Principles. Few issues bring protesters out into the streets of Baku. An agreement short of Armenian capitulation would.

Where to Go From Here  
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¶11. (C) Comment: Embassy Baku concurs with the ideas expressed in paragraph 18 of Reftel A. For its part, Azerbaijan will be weighing the situation carefully after Turkey and Armenia sign the protocols on October 10. President Aliyev wants to see how the signing of the protocols affects his position with respect to NK. He is clearly signaling to the Minsk Group Co-Chairs that he expects to see Yerevan make some major concessions on NK in order keep the Turkey-Armenia Process on track. Reftel A suggests that this is unlikely. When we point out the precarious domestic situation in Yerevan to the President and Foreign Minister, they respond that this will require decisive leadership by President Sargsian. In other words,

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Aliyev is intentionally setting a very high bar for success in the coming days.

¶12. (C) Comment Continued: The President told Deputy Secretary Steinberg and former EUR DAS Bryza on July 11 that he knows that U.S., Turkey and Armenia are continuing to push forward on reconciliation in spite of Azerbaijani objections. He does not buy the line that the normalization of relations between Turkey and Armenia will necessarily help the NK peace process. He continues to hold out the threat that if borders open without significant progress on NK, he will pull the plug on new energy cooperation moving through Turkey. Assuming that there is no significant progress in the Chisinau presidential meeting on October 8, and that it is followed immediately by a signing of the Turkey-Armenia protocols on October 10, Aliyev's doubts that the two processes can or will move forward in parallel will be reinforced. It could also motivate Azerbaijan to react negatively to Turkey's willingness to move forward with Armenia. Preventing this will again require Turkish and American public and private reassurances of stepped-up activity on NK, followed by another intensive period of activity by the Minsk Group. Aliyev tends to moderate his reactions when he receives personal attention; Reftel D illustrates how Turkey's more attentive approach (whether or not there is a confidential understanding on ratification) yielded results with Baku's muted response to the August 31 announcement. Personal calls to Aliyev from the highest levels of the USG to Aliyev were a key element in averting a total meltdown over the roadmap and NK in April, and would likely be very helpful again.

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